

## 226      GUIDE TO INVESTMENT AND FINANCE

tion of this description is allied to the nature of legitimate and beneficial transactions.

It has already been pointed out that the rules of the Stock Exchange contemplate real bargains: each seller or buyer is under the obligation to compel delivery of the securities in the one case or payment of the price in the other; and if the bargain be continued from one account to the ensuing account, the process is based upon fresh contracts contrary in nature to those for which they are substituted.

But the system of *time* bargains possesses a character of a totally opposite description—the system which consists of a contract between two persons for the transfer from one to the other of a certain quantity of a commodity or security at a *fixed* price, and on a specified future date, or within a definite period of time. A little discrimination is necessary. When a jobber or speculator buys or sells he equally forecasts the future, but his forecast is the reasonable application of the doctrine of probabilities. He contemplates and calculates a probable general rise or decline of values above or below the price he has quoted or contracted; he does not enter into a calculation (which would be impracticable) of an advance or fall to a final decimal. But he who effects a time bargain does not consider a range of future values with a fair limit of divergence, in accordance with the custom of the jobber and speculator; he fixes upon a specific definite price. This, obviously, is not a reasonable or practicable computation; the probability of that exact value being attained is unity divided by the numberless multiplicity of different prices which the commodity or stock can show; and the more extensively and continuously its value can vary, the larger' becomes the denominator of the fraction which represents the value of the chance, and the smaller, consequently, is the fraction itself. Hence this practically vanishing fraction differs so slightly from mere guess-work that a separation between the two cannot be assigned. It is, therefore, a pure guess, and may, not unjustly, be stigmatised as gambling. Moreover, time bargains are not

associated with any system of counteracting extravagant depressions of values, or restraining abnormal excesses of prices, that , tends to a resulting uniformity of values which proves advantageous to